

Message Text

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SUBJECT: GABOREN: CHEMICAL FERTILIZER FACTORY

DECON UPON RECEIPT

1. EMBASSY RECEIVED LATE IN AFTERNOON MARCH 20, NOTE FROM GABONESE FOREIGN MINISTRY CONCERNING GABOREN CHEMICAL FERTILIZER FACTORY IN PORT GENTIL. N-REN CORPORATION OF CINCINNATI, OHIO, IS US PARTNER IN PROJECT WITH US DOL 4.6 MILLION INVESTED AS OF LAST REPORT. THIS MESSAGE PROVIDES TRANSLATION OF FRENCH TEXT. FURTHER REPORT AND COMMENT FOLLOW BY SEPTTEL.

2. BEGIN TEST OF UNOFFICIAL TRANSLATION: THE MINISTRY OF FOREIGN AFFAIRS AND COOPERATION OF THE GABONESE REPUBLIC PRESENTS ITS COMPLIMENTS TO THE EMBASSY OF THE UNITED STATES AND HAS THE HONOR TO PRESENT THE FOLLOWING INFORMATION. AS YOU KNOW, THE AMERICAN COMPANY N-REN CORPORATION OF CINCINNATI, OHIO, INTRODUCED ITSELF TO THE GABONESE GOVERNMENT IN 1974 AS A WORLD SPECIALIST IN CHEMICAL FERTILIZER AND PROPOSED A PROJECT TO CONSTRUCT AN AMMONIA FACTORY IN PORT GENTIL.

THIS PROJECT, WHOSE FEASIBILITY WAS ASSURED, ACCORDING TO STATEMENTS OF N-REN, WOULD NOT ONLY PERMIT THE CREATION OF MANY JOBS BUT ALSO WOULD MARK

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THE BEGINNING OF A PROFITABLE PETROCHEMICAL INDUSTRY FOR THE ECONOMY OF THE COUNTRY.

TO BE MORE CONVINCING, THE AMERICAN COMPANY HAD SURROUNDED ITS PROPOSAL WITH NUMEROUS GUARANTEES SUCH AS THOSE OF MARKETING THE FINISHED PRODUCT OVERSEAS AND TRAINING NECESSARY PERSONNEL FOR WHICH IT WOULD ASSUME RESPONSIBILITY. IN ADDITION, THE COMPANY ENVISAGED THE CREATION

OF A GABONESE COMPANY - NAMED GABOREN - OF WHICH IT WOULD TAKE 35 PERCENT OF THE CAPITAL - TO GIVE TO THE GABONESE GOVERNMENT, ACCORDING TO THE COMPANY, THE BEST INSURANCE POLICY POSSIBLE SINCE IT WOULD BE INVESTING ITS OWN MONEY. APRIL 23, 1975, SAW THE CREATION OF GABOREN, IN WHICH N-REN ACTUALLY PARTICIPATED WITH 35 PERCENT, THE GABONESE GOVERNMENT AND A GABONESE COMPANY DIVIDED THE REMAINING 65 PERCENT. ON THE SAME DATE A CONTRACT WAS SIGNED BY WHICH THE AMERICAN COMPANY DESIGNATED ITSELF AS GENERAL MANAGER THROUGH THE INTERMEDIARY OF ITS BERMUDA AFFILIATE, N-REN INTERNATIONAL, OF WHICH IT HELD ALMOST ALL THE CAPITAL.

AT THE REQUEST OF N-REN, THE GABONESE GOVERNMENT GAVE A GUARANTEE FOR THE FINANCIAL AFFAIRS OF GABOREN.

NOW, IT HAS APPEARED THAT THE PARTICIPATION OF THE AMERICAN COMPANY IN THE CAPITAL OF GABOREN WAS TOTALLY FINANCED BY THE AMOUNT PAID ACCORDING TO THE CONTRACT TO THE GENERAL MANAGER AND WAS COLLECTED DIRECTLY BY THE PARENT COMPANY.

THE UNDERTAKINGS AGREED TO BY N-REN IN ADDITION WERE NOT RESPECTED AS CONCERN THE AMOUNT OF INVESTMENT, THE PROFITABILITY OF THE PROJECT, THE MARKETING OF THE PRODUCT, OR THE TRAINING OF PERSONNEL.

SEEING THE DISASTROUS NATURE OF THE OPERATION, THE PRESIDENT OF THE GABONESE REPUBLIC, WHO IS PRESENT CHAIRMAN OF OAU, HAD TO ORDER, BY LETTER OF MARCH 29, LIMITED OFFICIAL USE

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1977, THE IMMEDIATE HALT OF WORK, IN HOPE OF ACHIEVING A REALISTIC SOLUTION WHICH WAS SUPPOSED TO BE PROPOSED BY THE PROMOTER OF THE PROJECT. AS OF THIS DATE, NOTHING HAS BEEN DONE TO THIS EFFECT.

THE GABONESE GOVERNMENT CALLS THE ATTENTION OF THE AMERICAN GOVERNMENT TO THE HARM WHICH HAS BEEN CAUSED TO IT BY THE ATTITUDE, IN SOME WAYS FRAUDULENT, OF AN AMERICAN COMPANY IN WHICH IT HAS SHOWN CONFIDENCE. THEN, IT HOPES THAT FOLLOWING THE PRESENT DEMARCHE THE AMERICAN GOVERNMENT WILL RAPIDLY UNDERTAKE THE NECESSARY INQUIRY AND WILL COMPEL THE RESPONSIBLE AMERICAN COMPANY TO MAKE AN EQUITABLE SETTLEMENT OF THIS AFFAIR. THE GABONESE GOVERNMENT DOES NOT DOUBT THAT THE UNITED STATES GOVERNMENT WILL GIVE ALL ITS ATTENTION TO THIS IMPORTANT MATTER WHICH COULD PREJUDICE THE REPUTATION OF AMERICAN COMPANIES, NOT ONLY IN GABON, BUT ALSO IN OTHER AFRICAN COUNTRIES.

THE MINISTRY OF FOREIGN AFFAIRS AND COOPERATION FOR THE PRESIDENCY OF THE GABONESE REPUBLIC, TAKES THIS OCCASION TO RENEW TO THE EMBASSY OF THE UNITED STATES THE ASSURANCES OF ITS HIGH CONSIDERATION.

LIBREVILLE FEBRUARY 15, 1978 AND LIBREVILLE MARCH 15, 1978.

END TEXT

3. DECONTROL UPON RECEIPT. YATES

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